APPROVED
MINUTES OF THE REGULAR MEETING OF THE
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
Wednesday, January 7, 2009

The meeting convened at 7:25 p.m. with Chair Johnson presiding.

1.   ROLL CALL

Present: Chair Beverly Johnson
            Boardmember Lena Tam
            Boardmember Frank Matarrese
            Boardmember Marie Gilmore
            Vice Chair Doug deHaan

2.   CONSENT CALENDAR

2-A. Approve the minutes of the Regular Meeting of November 5, 2008.

2-B. Approve the minutes of the Special Meeting of November 18, 2008.

2-C. Approve the minutes of the Special Meeting of December 2, 2008.

2-D. Authorize Negotiation and Execution of a Sublease Renewal for Mariusz Lewandowski dba
      Woodmasters at Alameda Point.

2-E. Authorize Negotiation and Execution of a Sublease Renewal for Alameda Soccer Club at
      Alameda Point.

2-F. Authorize the Sale of Four Boston Whalers to NRC for $44,500.

**Approval of the Consent Calendar was motioned by Member Matarrese, seconded by
Member Gilmore and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions:
0**

3.   REGULAR AGENDA ITEMS

3-A. Alameda Point Update - Presentation of SunCal's Draft Redevelopment Master Plan.

Debbie Potter, Base Reuse and Community Development Manager, addressed several topics
actively discussed in the community and clarified that tonight's update is for information only,
neither staff nor SunCal has requested formal action on the Master Plan. It is an opportunity for
the community to comment on the draft Master Plan and for the ARRA Board to provide
feedback to SunCal. Because SunCal's plan is not consistent with the City's charter, as it
proposes a mix of residential structures that include multi-family rental and condo projects, this
master plan can only be approved by a vote of the people. SunCal anticipates placing its plan
on the ballot for the communities' consideration in November of this year, and the ENA requires
SunCal to notify the City no later than April 30 if it plans to proceed with the ballot initiative.
Tonight's presentation is part of the ongoing community dialogue that will continue over the next
18 months, as the City and SunCal negotiate a Disposition and Development Agreement (DDA)
for the long term redevelopment of Alameda Point. Two key issues have been the focus of
discussion: 1) the concept of a public trust modeled on the Presidio trust for Alameda Point, and

2) the amount of the Community Improvement Commission (CIC) investment in the Alameda Point project and whether or not that investment of redevelopment dollars adversely impacts the City's general fund which is responsible for financing critical city services.

Ms. Potter discussed the Presidio conveyance model – a transfer from military ownership via special legislation to the National Park Service and was not subject to BRAC requirements - it was determined that the same conveyance model is not feasible for Alameda Point. Alameda Point is subject to BRAC, was previously screened for other federal agency uses, was screened pursuant to the McKinney-Vento act for homeless uses, and is required to be conveyed at fair market value for private ownership and reuse. The ARRA is working with the Navy to negotiate a conveyance term sheet to transfer the property and provide for its ultimate reuse as a mixed-use community that generates jobs, provides housing for all incomes, and opens up the waterfront and creates new recreational opportunities for Alameda and the region. To achieve that goal, the City entered into an Exclusive Negotiation Agreement with SunCal.

Ms. Potter addressed the issue of tax increment funds, clarifying that there cannot be a pledge of tax increment funds without a DDA, approved by the City Council and CIC in public following a public hearing, therefore, any approval of tax increment funding will only happen after input and participation from the community. If tax increment funds are raised through the sale of tax increment bonds, those bonds are secured and repaid solely by tax increment funds generated in the Alameda Point Redevelopment Project Area (APIP), and in no way obligate the City's general fund. Based on current projections of the property value to be created by the build-out of the master plan, staff anticipates that a maximum of $184 million of tax increment will be created over the life of the project. This number is well short of the $700 million being referenced in the community. It should also be noted that large portion of the $184 million is restricted to the production of affordable housing.

Furthermore, several years ago, the City Council adopted a resolution stating that all base reuse activities must pay for themselves and be fiscally neutral to the City's general Fund. The Council recognized the task of integrating former military property into the larger Alameda community would have a cost in terms of a need for the increase police and fire services, more demand on Parks and public libraries, and increased maintenance of new roads and infrastructure, and that cost should be borne by the new development. SunCal's draft Master Plan is supported by a Business Plan that provides for fiscal neutrality.

Ms. Potter introduced Pat Keliher, SunCal's Alameda Point Project Manager, who presented the draft Master Plan via Powerpoint presentation. Following the presentation, there were several speakers who discussed various issues about the draft Master Plan.

Member deHaan is concerned about some issues in the draft Master Plan, specifically regarding the plans for residential development, the sea level rising, and transportation issues. He also discussed the plans for the Sports Complex and that the plan has not changed, except for the price. He continues to have strong reservations.

In response to public comment, Member Gilmore asked SunCal to explain its financial viability, the effect of the bankruptcies of other projects, predevelopment funding and where that money comes from, what happens during the predevelopment period if SunCal doesn't come up with the money, and how SunCal sees the financing unfolding once we get to a DDA.

Mr. Keliher explained that throughout ENA period, SunCal is required to reimburse the City for any expenditures, and deposit money to spend on predevelopment dollars. This is done every quarter and is audited. Once we get through the ENA period, and the DDA period, and

determine how to actually finance the project, once the land is conveyed, there are several different mechanisms, including debt & equity. With regard to the bankruptcies on the other projects that SunCal was the operator on, not necessarily the owner of, most all of those were Lehman projects. When Lehman filed bankruptcy and decided to not fund SunCal, SunCal decided, involuntarily, to throw each of those projects into bankruptcy in hopes of forcing Lehman to start to fund those. These projects are independently financed and structured and have absolutely nothing to do with the Alameda Point project.

Member Gilmore reiterated the concern regarding SunCal's ability to fund predevelopment expenses. Mr. Keliher explained that if SunCal defaults under the ENA and doesn't perform, it is simply over. He further stated that, to date, SunCal has deposited all the funds. Both Member Gilmore and Mr. Keliher clarified and confirmed that the ARRA is not obligated in any way to reimburse SunCal for the predevelopment funds that have been spent.

There was discussion about the historic structures. Mr. Keliher is in agreement with the Board that it's not the wisest move to proactively rip down the structures, and that SunCal will work with staff on working out a process of evaluating the best direction.

Member Matarrese offered comments for consideration, including requesting detail of commercial space, and what impact of those spaces would be with regard to traffic and truck routes, and the industrial-type uses. Member Tam also asked about industrial uses, mixed-use and residential. Peter Calthorpe described another similar project in San Jose where there was a balance of use in the commercial, civic, and retail areas. He stated that industrial development needs to be treated in special way, explaining that it has not yet been determined whether there are industrial users that are appropriate for this site and that should be part of the mix.

Member Tam asked about the BCDC sea level rise, and the 24" that one speaker mentioned. Mr. Keliher responded that he has heard various levels, but that no one has come out with specific number to design to, an issue that SunCal does not want to ignore. Member Tam stated that we are at the point of our best and last opportunity to provide an economic stimulus package without public subsidies or a tax on our general fund. This draft Master Plan produces economic growth, a realistic transit system, and that the phasing will make it flexible enough to respond to varying economic conditions, whether it's 15 years, or the next 20-30 yrs. Member Tam stated her appreciation to staff and SunCal that the plan has been vetted very thoroughly with the community.

Member Gilmore asked what would happen if the City breached its obligations under the ENA. Donna Mooney, Asst. General Counsel, replied that the ENA is a contract and if the City doesn't fulfill an obligation to it, it would be considered a breach of contract. SunCal would have a legal remedy to this breach, which could include asking a court to make us come back and continue negotiating, or it could be that the contract is terminated and we give back the $1 million deposit.

Member Matarrese clarified that tax increment bonds are sold based on tax increment at the time the bond is sold, not based on the development for which those bonds will spur. Ms. Potter confirmed and explained that, typically, when you go to the market with debt and desire to raise money through the sale of bonds, the project has to be at least three years into its development so that the underwriters and folks interested in purchasing the bonds have an expectation of the track record and then projections about the increment that will be generated over the life of the project.

At Chair Johnson's request, Ms. Potter summarized the process and milestones of the ENA so that the public understands that this is not the end of the process.

This report was for information only and no action was taken by the Board.

3-B. VA/Navy Presentation Regarding the Navy/VA Federal-to-Federal Transfer at Former NAS Alameda.

Ms. Potter gave a brief overview about the 600 acres on western portion of Alameda Point property. The Navy and VA have been in discussion for many years about its plans for the development of the portion of the wildlife refuge property. She introduced Claude Hutchinson of the VA. Mr. Hutchinson gave his presentation via Powerpoint to the Board and community, summarizing the status of the fed-to-fed transfer   The plans include a 50-acre above-ground columbarium, a site for a VA outpatient clinic, and a non VA-owned hospital. Other presenters included Patrick McKay of the Navy BRAC office; Dr. Ron Chun, VA outpatient clinic site manager; Don Reiker, National Cemetary Assoc. regional director; Larry Jaynes, Capital Asset Manager of the VA; and Jayni Alsep, the VA's environmental consultant from EDAW.

Chair Johnson clarified for the public that the ARRA is not a part of the transaction between the Navy and the VA, and has no decision-making power in this transaction. She stated her appreciation to the VA on its presentation and all its efforts for community involvement.   Chair Johnson also stated that although the ARRA has no control over this issue, we might be able to cooperate if the VA was willing to look at other areas of the base.

4.   ORAL REPORTS

4-A. Oral report from Member Matarrese, Restoration Advisory Board (RAB) representative
          - Highlights of December 4 Alameda Point RAB Meeting.

Member Matarrese stated that the Dec. 4 RAB meeting was ½ Christmas party and ½ highlights of the coming year's projects.

5.   ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)
         None.

6.   COMMUNICATIONS FROM THE GOVERNING BODY
         None.

7.   ADJOURNMENT

Meeting was adjourned at 12:45 a.m. by Chair Johnson.

Respectfully submitted,

Irma Glidden

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ARRA Secretary